



***United States Attorney
District of New Jersey***



FOR IMMEDIATE RELEASE
September 10, 2010
www.justice.gov/usao/nj

CONTACT: Rebekah Carmichael
Office of Public Affairs
(973) 645-2888

**INVESTMENT ADVISER CHARGED WITH OPERATING \$11 MILLION
FICTITIOUS INVESTMENT PROGRAM**

NEWARK, N.J. – The owner of Branchburg, New Jersey-based investment adviser Systematic Financial Associates, Inc. is charged with defrauding over 100 investors out of more than \$11 million by soliciting investments in an entirely fictitious investment program, U.S. Attorney Paul J. Fishman announced.

Sandra Venetis, 59, of Whitehouse Station, N.J., surrendered this morning to FBI special agents in Newark to face a criminal Complaint charging her with a count of securities fraud. She is scheduled for an initial appearance and bail hearing this afternoon before United States Magistrate Judge Claire C. Cecchi in Newark.

According to the Complaint filed in Newark federal court:

From 1997 through August 13, 2010, Venetis solicited clients of Systematic Financial Associates to invest in an alternative investment program she allegedly ran. To induce victim investors, Venetis told them that she would use their money to fund loans to doctors to finance medical receivables, medical malpractice insurance premiums, or quarterly pension plans. Venetis also falsely claimed that she used certain funds to purchase Medicare “bonds,” or that the investor funds were otherwise backed by Medicare or insured by the Federal Deposit Insurance Corporation. At times, Venetis directed Systematic Financial Associates’ advisory clients to liquidate positions in securities to participate in the alternative investment program. As a result of her solicitations, more than 100 investors sent over \$11 million to Venetis during the period.

Venetis did not operate any legitimate investment program outside of Systematic Financial Associates’ advisory business, but created a corporation called Systematic Financial Services, Inc. solely for the purpose of operating her fraudulent scheme. Venetis never transferred any investment money to doctors, and concealed her fraudulent conduct by creating fictitious doctors or forging the names of real doctors on promissory notes that made it appear she was using investor funds as promised.

In reality, Venetis used investor funds to pay the operating expenses of Sytematic Financial Associates and used new investor funds to make principal and interest payments to existing investors in Ponzi-scheme fashion.

Venetis also stole money to fund her own lavish lifestyle, using victims’ investments to

pay for gambling debts in Atlantic City, N.J., as well as trips – including to Alaska, Italy, France, Italy and the Caribbean. She also misappropriated investments to pay her monthly mortgage and property taxes and other personal expenses.

The criminal Complaint charges Venetis with one count of securities fraud. If convicted, she faces a maximum potential penalty of 20 years in prison and a fine of up to \$5 million.

U.S. Attorney Fishman stated: “According to the charge, victims who thought they were investing in the health care industry were instead paying off Venetis’ gambling debts and bankrolling her world travel. Ponzi schemes can be disguised as any type of venture, and investors can be sure that law enforcement will continue to aggressively pursue them whatever form they may take.”

“In this case, not only were investors defrauded of their savings, but specifically investors were lured by the potential to provide support to the health care industry, said Michael B. Ward, Special Agent in Charge of the FBI’s Newark Division. “Instead, their monies were diverted to continue the fraud.”

U.S. Attorney Fishman credited Special Agents of the FBI, under the direction of Special Agent in Charge Michael B. Ward, for the investigation leading to today’s Complaint. Fishman also thanked the U.S. Securities and Exchange Commission’s New York Regional Office, under the direction of George S. Canellos.

The government is represented by Assistant U.S. Attorney Justin W. Arnold of the Criminal Division, in Newark.

This case was brought in coordination with President Barack Obama’s Financial Fraud Enforcement Task Force. President Obama established the interagency Financial Fraud Enforcement Task Force to wage an aggressive, coordinated, and proactive effort to investigate and prosecute financial crimes. The task force includes representatives from a broad range of federal agencies, regulatory authorities, inspectors general, and state and local law enforcement who, working together, bring to bear a powerful array of criminal and civil enforcement resources. The task force is working to improve efforts across the federal executive branch, and with state and local partners, to investigate and prosecute significant financial crimes, ensure just and effective punishment for those who perpetrate financial crimes, combat discrimination in the lending and financial markets, and recover proceeds for victims of financial crimes.

The charge and allegations contained in the Complaint against Venetis are merely accusations, and the defendant is considered innocent unless and until proven guilty.

10-254

####

Defense Counsel: Robert Stevens Esq., Princeton, N.J.